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HOUSE BILL NO. 1843

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on January 28, 2021)

(Patron Prior to Substitute—Delegate Keam)

A *BILL to amend and reenact § 18.2-340.33 of the Code of Virginia, relating to charitable gaming; increase in certain maximum allowable prize amounts.*

Be it enacted by the General Assembly of Virginia:

1. That § 18.2-340.33 of the Code of Virginia is amended and reenacted as follows:

§ 18.2-340.33. Prohibited practices.

In addition to those other practices prohibited by this article, the following acts or practices are prohibited:

1. No part of the gross receipts derived by a qualified organization may be used for any purpose other than (i) reasonable and proper gaming expenses, (ii) reasonable and proper business expenses, (iii) those lawful religious, charitable, community or educational purposes for which the organization is specifically chartered or organized, and (iv) expenses relating to the acquisition, construction, maintenance, or repair of any interest in the real property involved in the operation of the organization and used for lawful religious, charitable, community or educational purposes. For the purposes of clause (iv), such expenses may include the expenses of a corporation formed for the purpose of serving as the real estate holding entity of a qualified organization, provided (a) such holding entity is qualified as a tax exempt organization under § 501(c) of the Internal Revenue Code and (b) the membership of the qualified organization is identical to such holding entity.

2. Except as provided in § 18.2-340.34:1, no qualified organization shall enter into a contract with or otherwise employ for compensation any person for the purpose of organizing, managing, or conducting any charitable games. However, organizations composed of or for deaf or blind persons may use a part of their gross receipts for costs associated with providing clerical assistance in the management and operation but not the conduct of charitable gaming.

The provisions of this subdivision shall not prohibit the joint operation of bingo games held in accordance with § 18.2-340.29.

3. No person shall pay or receive for use of any premises devoted, in whole or in part, to the conduct of any charitable games, any consideration in excess of the current fair market rental value of such property. Fair market rental value consideration shall not be based upon or determined by reference to a percentage of the proceeds derived from the operation of any charitable games or to the number of people in attendance at such charitable games.

4. No person shall participate in the management or operation of any charitable game unless such person is and, for a period of at least 30 days immediately preceding such participation, has been a bona fide member of the organization. For any organization that is not composed of members, a person who is not a bona fide member may volunteer in the conduct of a charitable game as long as that person is directly supervised by a bona fide official member of the organization.

The provisions of this subdivision shall not apply to (i) persons employed as clerical assistants by qualified organizations composed of or for deaf or blind persons; (ii) employees of a corporate sponsor of a qualified organization, provided such employees' participation is limited to the management, operation or conduct of no more than one raffle per year; (iii) the spouse or family member of any such bona fide member of a qualified organization provided at least one bona fide member is present; or (iv) persons employed by a qualified organization authorized to sell pull tabs or seal cards in accordance with § 18.2-340.16, provided (a) such sales are conducted by no more than two on-duty employees, (b) such employees receive no compensation for or based on the sale of the pull tabs or seal cards, and (c) such sales are conducted in the private social quarters of the organization.

5. No person shall receive any remuneration for participating in the management, operation or conduct of any charitable game, except that:

a. Persons employed by organizations composed of or for deaf or blind persons may receive remuneration not to exceed \$30 per event for providing clerical assistance in the management and operation but not the conduct of charitable games only for such organizations;

b. Persons under the age of 19 who sell raffle tickets for a qualified organization to raise funds for youth activities in which they participate may receive nonmonetary incentive awards or prizes from the organization;

c. Remuneration may be paid to off-duty law-enforcement officers from the jurisdiction in which such bingo games are played for providing uniformed security for such bingo games even if such officer is a member of the sponsoring organization, provided the remuneration paid to such member is in

60 accordance with off-duty law-enforcement personnel work policies approved by the local
61 law-enforcement official and further provided that such member is not otherwise engaged in the
62 management, operation or conduct of the bingo games of that organization, or to private security
63 services businesses licensed pursuant to § 9.1-139 providing uniformed security for such bingo games,
64 provided that employees of such businesses shall not otherwise be involved in the management,
65 operation, or conduct of the bingo games of that organization;

66 d. A member of a qualified organization lawfully participating in the management, operation or
67 conduct of a bingo game may be provided food and nonalcoholic beverages by such organization for
68 on-premises consumption during the bingo game provided the food and beverages are provided in
69 accordance with Board regulations;

70 e. Remuneration may be paid to bingo managers or callers who have a current registration certificate
71 issued by the Department in accordance with § 18.2-340.34:1, or who are exempt from such registration
72 requirement. Such remuneration shall not exceed \$100 per session; and

73 f. Volunteers of a qualified organization may be reimbursed for their reasonable and necessary travel
74 expenses, not to exceed \$50 per session.

75 6. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the
76 conduct, management, or operation of any bingo games; (ii) sell, lease or otherwise provide for
77 consideration any bingo supplies, including, but not limited to, bingo cards, instant bingo cards, or other
78 game pieces; or (iii) require as a condition of the lease or by contract that a particular manufacturer,
79 distributor or supplier of bingo supplies or equipment be used by the organization.

80 The provisions of this subdivision shall not apply to any qualified organization conducting bingo
81 games on its own behalf at premises owned by it.

82 7. No qualified organization shall enter into any contract with or otherwise employ or compensate
83 any member of the organization on account of the sale of bingo supplies or equipment.

84 8. No organization shall award any bingo prize money or any merchandise valued in excess of the
85 following amounts:

86 a. No bingo door prize shall exceed ~~\$50~~ \$250 for a single door prize or ~~\$250~~ \$500 in cumulative
87 door prizes in any one session;

88 b. No regular bingo or special bingo game prize shall exceed \$100. *However, up to 10 games per*
89 *bingo session may feature a regular bingo or special bingo game prize of up to \$200;*

90 c. No instant bingo, pull tab, or seal card prize for a single card shall exceed ~~\$1,000~~ \$2,000;

91 d. Except as provided in this subdivision 8, no bingo jackpot of any nature whatsoever shall exceed
92 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.
93 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted
94 for separately from the bingo cards or sheets used for any other bingo games; and

95 e. No single network bingo prize shall exceed \$25,000. Proceeds from the sale of network bingo
96 cards shall be accounted for separately from bingo cards and sheets used for any other bingo game.

97 9. The provisions of subdivision 8 shall not apply to:

98 Any progressive bingo game, in which ~~(a)~~ (i) a regular or special prize, not to exceed \$100, is
99 awarded on the basis of predetermined numbers or patterns selected at random and ~~(b)~~ (ii) a progressive
100 prize, not to exceed \$500 for the initial progressive prize and \$5,000 for the maximum progressive
101 prize, is awarded if the predetermined numbers or patterns are covered when a certain number of
102 numbers is called, provided ~~(i)~~ that (a) there are no more than six such games per session per
103 organization, ~~(ii)~~ (b) the amount of increase of the progressive prize per session is no more than ~~\$100~~
104 \$200, ~~(iii)~~ (c) the bingo cards or sheets used in such games are sold separately from the bingo cards or
105 sheets used for any other bingo games, ~~(iv)~~ (d) the organization separately accounts for the proceeds
106 from such sale, and ~~(v)~~ (e) such games are otherwise operated in accordance with the Department's rules
107 of play.

108 10. No organization shall award any raffle prize valued at more than \$100,000.

109 The provisions of this subdivision shall not apply to a raffle conducted no more than three times per
110 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501(c) of
111 the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where 100
112 percent of the moneys received from such a raffle, less deductions for the fair market value for the cost
113 of acquisition of the land and materials, are donated to lawful religious, charitable, community, or
114 educational organizations specifically chartered or organized under the laws of the Commonwealth and
115 qualified as a § 501(c) tax-exempt organization. No more than one such raffle shall be conducted in any
116 one geographical region of the Commonwealth.

117 11. No qualified organization composed of or for deaf or blind persons which employs a person not
118 a member to provide clerical assistance in the management and operation but not the conduct of any
119 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in
120 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

121 12. No person shall participate in the management or operation of any charitable game if he has ever

122 been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or
123 financial crimes within the preceding five years. No person shall participate in the conduct of any
124 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the
125 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial
126 crimes. In addition, no person shall participate in the management, operation or conduct of any
127 charitable game if that person, within the preceding five years, has participated in the management,
128 operation, or conduct of any charitable game which was found by the Department or a court of
129 competent jurisdiction to have been operated in violation of state law, local ordinance or Board
130 regulation.

131 13. Qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 shall not
132 circumvent any restrictions and prohibitions which would otherwise apply if a single organization were
133 conducting such games. These restrictions and prohibitions shall include, but not be limited to, the
134 frequency with which bingo games may be held, the value of merchandise or money awarded as prizes,
135 or any other practice prohibited under this section.

136 14. A qualified organization shall not purchase any charitable gaming supplies for use in the
137 Commonwealth from any person who is not currently registered with the Department as a supplier
138 pursuant to § 18.2-340.34.

139 15. Unless otherwise permitted in this article, no part of an organization's charitable gaming gross
140 receipts shall be used for an organization's social or recreational activities.

141 **2. That beginning July 1, 2024, and at least once every five years thereafter, the Department of**
142 **Agriculture and Consumer Services shall convene a stakeholder work group to review the**
143 **limitations on prize amounts and provide any recommendations to the General Assembly by**
144 **November 30 of the year in which the stakeholder work group is convened.**